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SUBJECT: BONN-VIBRANT: A GROWING CITY AFTER CAPITAL MOVES TO BERLIN

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Sensitive but Unclassified -- Not for Internet Distribution

1. (U) Summary: The gloom that descended upon Bonn in the wake of the German government's 1991 decision to move the capital back to Berlin has lifted as the city booms economically and retains its strong international orientation. Through the Bonn-Berlin Law and other initiatives introduced in the 1990s, Berlin and the state of North Rhine Westphalia (NRW) have invested enormous political and financial resources into the city, which retains a major Federal government role and has grown into an important site for international organizations and commercial activity. Major education and research institutions reinforce its impact in NRW, Germany, and beyond, although the city retains its "small town on the Rhine" feel. The USG presence remains very small and is scheduled to be phased out: the "Little America" so well known (and loved) by so many Bonners, Americans and others is just a memory, but the city's future is bright. End Summary.

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Resurgence as the "Federal City of Bonn"  
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2. (U) Many residents of Bonn and the surrounding area thought June 20, 1991 was the city's death sentence. On that day, the Bundestag decided to return the seat of government to Germany's capital, Berlin. Many believed Bonn's major role on the federal and international stage would slowly decline, and pessimists even predicted it would die. Since then, however, Bonn has enjoyed an average growth rate of about 6%, more than double the national average and the city is booming. Although the Bundestag and Chancellery moved, national legislation (the "Bonn-Berlin Law" of 1994) ensured the city's future relevance, prescribing the "permanent and fair division of labor between the Capital City of Berlin and the Federal City of Bonn" and spelling out that six Federal Ministries (Defense; Development Aid; Education and Research; Environment; Health; and Food and Agriculture) would maintain their headquarters in Bonn. In addition, all other Federal Ministries have major offices in Bonn (i.e. Ministry of Interior, Finance, Labor, etc) and several key federal agencies (BaFin; Federal Audit Office; Regulatory Agency for Network Industries (telecoms) and energy) are headquartered in the city. In fact, Bonn currently boasts about 1,000 more federal employees than Berlin.

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Bonn Businesses Boom  
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3. (U) Since 1991, more than eighty major firms have moved to Bonn, creating some 20,000 new jobs. Three of the German DAX 30 firms (Deutsche Post, Deutsche Postbank and Deutsche Telekom) have their headquarters in Bonn. There were many reasons why

these companies chose to base themselves there: the city's international and political expertise, its quick access to three international airports, and great high-speed train and road networks. Perhaps most importantly, various levels of government invested some 256 million Euros in the city's infrastructure and transport connections, as Berlin and the state of NRW kept their commitments to support Bonn's transformation. Meanwhile, population growth has remained positive and purchasing power is about 14 percent above the national average, according to recent studies. Unemployment is 1.7 percentage points under the national rate of 9.0 percent (2007 figures). Many companies use Bonn's reputation for high quality of life to attract professionals. One 2007 study (by ECA International, a major international HR network), ranked Bonn number one in Germany and number five in the world, in terms of environment, infrastructure, public health, social networks, personal security, and educational opportunities.

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A Center for International Dialogue  
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¶4. (U) Bonn, with strong support from the NRW government and Berlin, has put enormous emphasis on remaining an international city, and used a variety of means, such as financial and other incentives and political lobbying, to attract UN agencies and other NGOs. Seventeen UN offices are now located in Bonn, including the UN European Center for Climate Change and a key World Health Organization branch. Five UN offices alone have opened in Bonn in the last five years. The former Chancellor's office is slated to become the seat of the UN Climate Secretariat (UNFCCC) in late 2008. Major efforts have been made

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to attract important international events, including the first UN Conference on Afghanistan in 2001 and its follow-on in 2003.

In May, some 5,000 delegates and 75 environment ministers will descend upon Bonn for the UN Conference on Biodiversity. In fact, the number of total conference participants in Bonn jumped from 50,000 in 2006 to 60,000 in 2007, and the city's goal is 200,000 in 2011. The new "World Conference Center" scheduled to

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open in 2009 will have a capacity of 5,000 and support 2,000 new jobs. The center is being built in coordination with the UN Congress Center (UNCC), a Korean-American joint venture to transform the former Bundestag into a center for international conferences, trade shows and other meetings. One in seven residents of the city has a foreign passport.

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Home to Educational Elite  
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¶5. (U) The wide range of educational opportunities helps Bonn form an important part of the ABCDE region in Germany (Aachen, Bonn, Cologne, Duesseldorf/Duisburg/Dortmund and Essen), which reportedly has the highest concentration of educational institutions in Europe. Bonn city officials boast the city has the highest percentage of citizens with a university degree in Germany (19 percent, well above the national average of 9 percent). The University of Bonn, with over 30,000 students, enjoys an almost two-hundred year reputation as one of Germany's most prestigious universities. The city is also home to many major student exchange programs that involve the United States.

¶6. (U) Bonn has also become an increasingly important center for science and technology. Research and educational institutions have received 820 million euros in the past ten years as a part of the Berlin/Bonn law to balance the transfer of government. The Center for Advanced European Study & Research (CAESAR) was founded in 1995 as a part of this initiative and has become a leading research institute for physics, nanotechnology, and biotechnology. Other important institutions in the Bonn area are the Center for European

Integration Studies (ZEI), and the Center for Development Research (ZEF). The ingenuity of the region is reflected in the fact that almost 20 percent of all patents in Germany in 2006 came from this region. The Bonn International Center for Conversion (BICC), a well-respected organization devoted to promoting peace through the transformation of military-related institutions and encouraging disarmament, is also located in the city.

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"Little America" No More  
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¶17. (U) The former large American presence in Bonn has now nearly disappeared. With the exception of a small U.S. Embassy Office in Bonn known as the Defense Liaison Office (DLO), with an FAS representative, USG offices followed the German government's move to Berlin. The former Ambassadors' residence as well as the American housing project, known locally as "Little America" have been sold to private German owners. The former Embassy and housing compound have been refurbished and are now very desirable real estate. The former DOD School is the Bonn International School (BIS), with a very good reputation, educating 515 students from fifty-five different countries from grades pre-K-12. The former Chancery is now the headquarters of the German Federal Agency of Agriculture and Food Affairs and also contains German defense offices. The small DLO primarily handles liaison work with the German Ministry of Defense and the numerous subordinate headquarters offices and agencies located in and around the cities of Bonn, Koblenz and Cologne, but is slated to move to Berlin in the next few years. The famous American Club and its shopping center, a social hub of Bonn during its days as capital, have been sold and no longer exist. The landmark Stimson Memorial Chapel, which was presented to the city of Bonn as a gift by President Clinton in 1999, is a protected historic landmark and still hosts several American worship services each week and is now known as the American Protestant Church (APC) to the Bonn community.

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Comment  
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¶18. (SBU) Bonn's transition has not been without pain and would not have been possible without massive financial and political support from Berlin and NRW. What the city has lost in influence and power because of the move of the German capital to Berlin, it has retained in the business, educational, scientific and international organization sectors. The NRW government and a powerful "Bonn lobby" in Berlin are determined that the city remains a major national and international location in the region, in Germany, and beyond. Although the city still has a decidedly "small town on the Rhine" feel and the "Little America" so well known (and loved) by so many Bonners, Americans and others is just a memory, its future seems guaranteed and bright.

¶19. (U) This cable has been coordinated with Embassy Berlin.  
BOYSE